



*United States Attorney  
Southern District of New York*

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**WASHINGTON, D.C., LAWYER SENTENCED TO 57 MONTHS IN U.S. PRISON  
AND ORDERED TO PAY \$12.8 MILLION IN IPO FRAUD SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that THOMAS T. PROUSALIS, JR., a Washington, D.C.-based attorney, was sentenced to 57 months in prison on October 28, 2004, by United States District Judge DENISE L. COTE after his June 2004 guilty plea to securities fraud charges. The charges arose from PROUSALIS's participation in a scheme to defraud investors in the \$12.8 million June 2000 initial public offering ("IPO") of securities issued by busybox.com, Inc., ("Busybox"), a now-defunct internet company. PROUSALIS entered a plea of guilty to all counts in the Indictment after six days of trial before the Judge COTE and a jury on June 15, 2004. Judge COTE also ordered the defendant to pay \$12.8 million to the victims of his fraud.

According to the proof at trial and PROUSALIS's statements made during his plea, PROUSALIS made and caused to be made false statements, misrepresentations and material omissions in the Registration Statement and Prospectus for the Busybox IPO

filed with the United States Securities and Exchange Commission and made available to investors (the "Registration Materials").

According to the proof at trial, Busybox was an internet company based in California that retained PROUSALIS and Barron Chase, a Florida-based broker dealer, to help raise money through an IPO. According to the proof at trial and PROUSALIS'S statements during his plea, at the end of May 2000, PROUSALIS caused to be filed, on Busybox's behalf, the Registration Materials for the Busybox IPO that contained false statements, misrepresentations and material omissions regarding: (1) the nature of the underwriting, which Barron Chase had purportedly agreed to undertake on a "firm commitment basis;" (2) the use of proceeds from the IPO; and (3) the fees paid to PROUSALIS in connection with the IPO.

Specifically, Barron Chase was unable to perform its obligation to underwrite the IPO on a "firm commitment basis" because it was unable to find purchasers for more than \$2 million worth of Busybox securities. To allow the IPO to proceed, and to collect his fees from the IPO, PROUSALIS arranged to recycle money raised through the sale of IPO shares to the public to fund the purchase of IPO shares on behalf of various Busybox officers as well as PROUSALIS, in order to make up the shortfall of Busybox securities that Barron Chase was unable to sell; this use of the proceeds of the IPO was nowhere disclosed in the

Registration Materials. In addition, according to the proof at trial and PROUSALIS's statements during his plea, PROUSALIS received Busybox IPO stock worth approximately \$1.2 million - purportedly constituting his fee earned in connection with the IPO - whereas the Registration Materials stated that legal fees were only \$375,000.

According to the proof at trial and PROUSALIS's statements during his plea, on June 27, 2000, Busybox securities began trading on the NASDAQ Smallcap Market ("NASDAQ"). Had the IPO not been declared effective, PROUSALIS would have received no fee. By April 2001, Busybox was delisted from the NASDAQ, and filed for bankruptcy protection shortly thereafter.

PROUSALIS, 55, lives in Maclean, Virginia. He is scheduled to surrender to serve his term of imprisonment on January 7, 2005.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in the investigation of this case. Mr. KELLEY also expressed gratitude to the SEC and to NASD for their assistance in this matter.

Assistant United States Attorneys STEVEN R. GLASER and DIANE GUJARATI are in charge of the prosecution.

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